



**DALLAS COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-23
March 14, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dallas, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dallas County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. The Dallas County salary commission did not address this issue in 1997, but raises were approved for the associate county commissioners as well as other county officials in January 1999.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to the Associate County Commissioners, totaling approximately \$24,700, for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, raises given to other officials within their term of office should be re-evaluated for propriety.

- In November 1998, voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo, earmarked for the purpose of implementing and operating an enhanced 911 system. The alternative statutory authority for emergency services sales tax is under Section 190.335, RSMo. As a result of the county passing the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax revenues.

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- Several weaknesses were noted with the Dallas County 911 Board's records and procedures. The 911 Board purchased real estate without obtaining an independent appraisal and discussed matters in closed session meetings that appear to be contrary to state law. In addition, the 911 Board did not obtain written contracts for services obtained or provided, prepare budgets in accordance with state law, properly document approval of expenditures, maintain records to account for general fixed assets, or require a mileage log be maintained for the vehicle driven by the 911 Administrator.
- Deficiencies identified in the Dallas County Health Center's records and procedures included maintaining cash funds in an unsecured location, preparing inaccurate budgets, authorizing expenditures in excess of budgeted amounts, and maintaining inadequate property records.

Also included in the audit are recommendations to improve the accounting controls and procedures for the Prosecuting Attorney and Sheriff. The audit also suggested improvements be made in the county's budgeting procedures, tracking of federal awards, handling and accounting for general fixed assets, and establishing a written agreement with the Prosecuting Attorney for the county's share of office-related costs.

All reports are available on our website: www.auditor.state.mo.us

DALLAS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Dallas County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dallas County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 10, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dallas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 10, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Jody Vernon, CPA
Audit Staff:	Ted Fugitt, CPA
	Jay Ross
	Rachel Simons



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Dallas County, Missouri

We have audited the special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated December 10, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dallas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dallas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Dallas County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 10, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 201,206	990,564	940,274	251,496
Special Road and Bridge	218,292	949,332	1,023,957	143,667
Assessment	7,567	159,572	156,557	10,582
Law Enforcement Training	2,979	6,901	5,361	4,519
Prosecuting Attorney Training	212	1,109	670	651
Capital Improvements Sales Tax	3,161	498,873	445,219	56,815
Law Enforcement Sales Tax	85,013	654,004	701,894	37,123
Prosecuting Attorney Bad Check	12,904	8,622	18,732	2,794
Prosecuting Attorney Tax Collection	21	0	21	0
Domestic Violence	30	475	485	20
Jury	3,254	3,635	4,317	2,572
Law Enforcement Civil Fees	13,555	14,070	26,177	1,448
Special Response Team	591	241	832	0
Emergency 911	136,914	474,419	123,279	488,054
Health Center	161,596	328,782	301,167	189,211
Record Storage	39,212	9,749	386	48,575
Circuit Clerk Interest	7,184	3,830	1,065	9,949
Associate Circuit Division Interest	5,079	1,483	629	5,933
Local Emergency Planning Committee	3,663	2,274	2,165	3,772
Law Library	1,025	6,867	6,056	1,836
Election Services	0	993	159	834
Total	\$ 903,458	4,115,795	3,759,402	1,259,851

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 248,690	922,588	970,072	201,206
Special Road and Bridge	255,961	901,971	939,640	218,292
Assessment	2,683	151,715	146,831	7,567
Law Enforcement Training	3,018	8,377	8,416	2,979
Prosecuting Attorney Training	232	1,369	1,389	212
Capital Improvements Sales Tax	86,306	460,942	544,087	3,161
Law Enforcement Sales Tax	67,018	696,377	678,382	85,013
Prosecuting Attorney Bad Check	593	12,511	200	12,904
Prosecuting Attorney Tax Collection	20	1	0	21
Domestic Violence	185	595	750	30
Jury	417	16,310	13,473	3,254
Law Enforcement Civil Fees	2,898	13,878	3,221	13,555
Special Response Team	0	2,253	1,662	591
Emergency 911	0	337,325	200,411	136,914
Health Center	136,678	301,157	276,239	161,596
Record Storage	30,506	10,132	1,426	39,212
Circuit Clerk Interest	2,294	5,639	749	7,184
Associate Circuit Division Interest	4,621	1,147	689	5,079
Local Emergency Planning Committee	3,567	3,367	3,271	3,663
Law Library	1,465	5,660	6,100	1,025
Total	\$ 847,152	3,853,314	3,797,008	903,458

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,947,326	4,100,348	153,022	3,873,717	3,842,034	(31,683)
DISBURSEMENTS	4,171,748	3,749,328	422,420	4,344,059	3,785,975	558,084
RECEIPTS OVER (UNDER) DISBURSEMENTS	(224,422)	351,020	575,442	(470,342)	56,059	526,401
CASH, JANUARY 1	882,450	886,507	4,057	839,245	842,120	2,875
CASH, DECEMBER 31	658,028	1,237,527	579,499	368,903	898,179	529,276
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	17,800	19,199	1,399	16,200	16,896	696
Sales taxes	455,000	495,193	40,193	475,000	457,191	(17,809)
Intergovernmental	167,975	138,856	(29,119)	141,000	181,127	40,127
Charges for services	237,400	289,820	52,420	320,400	233,305	(87,095)
Interest	15,000	17,829	2,829	12,000	14,086	2,086
Other	18,800	29,667	10,867	21,440	19,983	(1,457)
Transfers in	32,814	0	(32,814)	31,370	0	(31,370)
Total Receipts	944,789	990,564	45,775	1,017,410	922,588	(94,822)
DISBURSEMENTS						
County Commission	83,490	82,816	674	77,680	78,348	(668)
County Clerk	67,900	65,111	2,789	70,450	64,843	5,607
Elections	38,630	46,557	(7,927)	20,139	23,996	(3,857)
Buildings and grounds	31,800	33,484	(1,684)	46,855	35,990	10,865
Employee fringe benefits	87,775	89,777	(2,002)	86,400	85,399	1,001
County Treasurer	34,870	33,512	1,358	33,300	31,513	1,787
County Collector	84,169	82,630	1,539	82,571	80,263	2,308
Circuit Clerk	41,900	29,672	12,228	50,082	42,378	7,704
Associate Circuit Court	68,920	40,737	28,183	74,400	58,516	15,884
Court administration	31,823	21,733	10,090	111,255	20,993	90,262
Public Administrator	15,160	26,874	(11,714)	23,556	21,675	1,881
Jail	2,000	0	2,000	2,500	1,567	933
Prosecuting Attorney	87,644	87,354	290	113,284	106,894	6,390
Juvenile Officer	150,866	128,566	22,300	186,198	142,964	43,234
County Coroner	17,700	17,624	76	20,000	16,413	3,587
Insurance	11,205	13,261	(2,056)	11,205	11,205	0
University extension council	29,400	29,400	0	28,400	28,400	0
Economic development	25,000	13,067	11,933	10,000	0	10,000
Other	37,293	36,099	1,194	33,490	54,865	(21,375)
Transfers out	95,500	62,000	33,500	65,350	63,850	1,500
Emergency Fund	28,000	0	28,000	34,000	0	34,000
Total Disbursements	1,071,045	940,274	130,771	1,181,115	970,072	211,043
RECEIPTS OVER (UNDER) DISBURSEMENTS	(126,256)	50,290	176,546	(163,705)	(47,484)	116,221
CASH, JANUARY 1	201,206	201,206	0	248,690	248,690	0
CASH, DECEMBER 31	74,950	251,496	176,546	84,985	201,206	116,221

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	253,500	270,001	16,501	225,500	240,398	14,898
Intergovernmental	626,000	641,515	15,515	611,500	615,283	3,783
Charges for services	12,000	15,315	3,315	8,500	10,557	2,057
Interest	15,000	16,513	1,513	30,000	17,209	(12,791)
Other	6,000	5,988	(12)	3,500	18,524	15,024
Total Receipts	912,500	949,332	36,832	879,000	901,971	22,971
DISBURSEMENTS						
Salaries	400,000	417,051	(17,051)	358,579	377,889	(19,310)
Employee fringe benefits	106,600	92,069	14,531	115,931	102,661	13,270
Supplies	107,500	141,904	(34,404)	107,500	88,244	19,256
Insurance	17,000	17,507	(507)	15,000	15,748	(748)
Road and bridge materials	330,200	236,709	93,491	316,000	229,382	86,618
Equipment repairs	95,000	83,402	11,598	95,000	90,497	4,503
Equipment purchases	28,000	19,200	8,800	24,000	17,065	6,935
Other	9,500	16,115	(6,615)	12,500	18,154	(5,654)
Transfers out	32,814	0	32,814	26,370	0	26,370
Total Disbursements	1,126,614	1,023,957	102,657	1,070,880	939,640	131,240
RECEIPTS OVER (UNDER) DISBURSEMENTS	(214,114)	(74,625)	139,489	(191,880)	(37,669)	154,211
CASH, JANUARY 1	218,292	218,292	0	255,961	255,961	0
CASH, DECEMBER 31	4,178	143,667	139,489	64,081	218,292	154,211
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	113,000	107,738	(5,262)	112,747	105,414	(7,333)
Interest	600	755	155	600	636	36
Other	800	1,079	279	1,600	815	(785)
Transfers in	50,000	50,000	0	44,850	44,850	0
Total Receipts	164,400	159,572	(4,828)	159,797	151,715	(8,082)
DISBURSEMENTS						
Assessor	170,274	156,557	13,717	162,475	146,831	15,644
Total Disbursements	170,274	156,557	13,717	162,475	146,831	15,644
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,874)	3,015	8,889	(2,678)	4,884	7,562
CASH, JANUARY 1	7,567	7,567	0	2,683	2,683	0
CASH, DECEMBER 31	1,693	10,582	8,889	5	7,567	7,562

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	2,499	2,499	0	3,220	3,220
Charges for services	6,337	4,402	(1,935)	8,000	5,009	(2,991)
Other	0	0	0	0	148	148
Total Receipts	6,337	6,901	564	8,000	8,377	377
DISBURSEMENTS						
Sheriff	6,337	5,361	976	11,018	8,416	2,602
Total Disbursements	6,337	5,361	976	11,018	8,416	2,602
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,540	1,540	(3,018)	(39)	2,979
CASH, JANUARY 1	2,979	2,979	0	3,018	3,018	0
CASH, DECEMBER 31	2,979	4,519	1,540	0	2,979	2,979
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,400	1,109	(291)	1,600	1,169	(431)
Transfers in	0	0	0	0	200	200
Total Receipts	1,400	1,109	(291)	1,600	1,369	(231)
DISBURSEMENTS						
Prosecuting Attorney	1,300	670	630	725	1,389	(664)
Total Disbursements	1,300	670	630	725	1,389	(664)
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	439	339	875	(20)	(895)
CASH, JANUARY 1	212	212	0	232	232	0
CASH, DECEMBER 31	312	651	339	1,107	212	(895)
<u>CAPITAL IMPROVEMENTS SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	460,000	496,314	36,314	485,000	457,566	(27,434)
Interest	3,000	2,559	(441)	5,000	3,276	(1,724)
Other	0	0	0	0	100	100
Total Receipts	463,000	498,873	35,873	490,000	460,942	(29,058)
DISBURSEMENTS						
Road and bridge materials	346,000	318,968	27,032	427,000	446,029	(19,029)
Contract labor	0	12,996	(12,996)	3,000	0	3,000
Equipment purchases	90,000	63,899	26,101	90,000	81,606	8,394
Bridge construction	20,000	48,110	(28,110)	40,000	13,660	26,340
Other	3,000	1,246	1,754	2,000	2,792	(792)
Total Disbursements	459,000	445,219	13,781	562,000	544,087	17,913
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	53,654	49,654	(72,000)	(83,145)	(11,145)
CASH, JANUARY 1	3,161	3,161	0	86,306	86,306	0
CASH, DECEMBER 31	7,161	56,815	49,654	14,306	3,161	(11,145)

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	455,000	496,279	41,279	475,000	457,528	(17,472)
Intergovernmental	67,500	74,281	6,781	59,700	87,743	28,043
Charges for services	50,000	17,211	(32,789)	50,000	124,389	74,389
Interest	4,000	2,847	(1,153)	3,500	4,037	537
Other	20,500	38,032	17,532	18,500	17,180	(1,320)
Transfers in	30,500	25,354	(5,146)	5,500	5,500	0
Total Receipts	627,500	654,004	26,504	612,200	696,377	84,177
DISBURSEMENTS						
Salaries	463,315	426,661	36,654	436,861	432,678	4,183
Office expenditures	10,774	11,969	(1,195)	6,300	13,317	(7,017)
Equipment	27,400	78,400	(51,000)	43,000	56,588	(13,588)
Mileage and training	8,500	12,277	(3,777)	9,500	9,658	(158)
Jail operations	36,561	38,624	(2,063)	45,321	36,677	8,644
Prisoner cost	19,500	32,304	(12,804)	30,051	27,651	2,400
Jail equipment and repairs	4,950	3,900	1,050	6,050	3,844	2,206
Other	2,000	1,759	241	1,000	1,969	(969)
Debt service	96,000	96,000	0	96,000	96,000	0
Total Disbursements	669,000	701,894	(32,894)	674,083	678,382	(4,299)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,500)	(47,890)	(6,390)	(61,883)	17,995	79,878
CASH, JANUARY 1	85,013	85,013	0	67,018	67,018	0
CASH, DECEMBER 31	43,513	37,123	(6,390)	5,135	85,013	79,878
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	10,000	8,205	(1,795)	7,000	12,245	5,245
Interest	0	396	396	160	266	106
Transfers in	0	21	21	0	0	0
Total Receipts	10,000	8,622	(1,378)	7,160	12,511	5,351
DISBURSEMENTS						
Prosecuting Attorney	20,000	18,732	1,268	0	0	0
Transfers out	0	0	0	5,000	200	4,800
Total Disbursements	20,000	18,732	1,268	5,000	200	4,800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	(10,110)	(110)	2,160	12,311	10,151
CASH, JANUARY 1	12,904	12,904	0	593	593	0
CASH, DECEMBER 31	2,904	2,794	(110)	2,753	12,904	10,151
<u>PROSECUTING ATTORNEY TAX COLLECTION FUND</u>						
RECEIPTS						
Intergovernmental	200	0	(200)	350	0	(350)
Interest	0	0	0	50	1	(49)
Total Receipts	200	0	(200)	400	1	(399)
DISBURSEMENTS						
Prosecuting Attorney	200	0	200	0	0	0
Transfers out	0	21	(21)	0	0	0
Total Disbursements	200	21	179	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(21)	(21)	400	1	(399)
CASH, JANUARY 1	21	21	0	20	20	0
CASH, DECEMBER 31	21	0	(21)	420	21	(399)

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	600	475	(125)	650	595	(55)
Total Receipts	600	475	(125)	650	595	(55)
DISBURSEMENTS						
Domestic violence shelter	600	485	115	835	750	85
Total Disbursements	600	485	115	835	750	85
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(10)	(10)	(185)	(155)	30
CASH, JANUARY 1	30	30	0	185	185	0
CASH, DECEMBER 31	30	20	(10)	0	30	30
<u>JURY FUND</u>						
RECEIPTS						
Intergovernmental	0	1,635	1,635	0	2,778	2,778
Other	0	0	0	0	32	32
Transfers in	15,000	2,000	(13,000)	15,000	13,500	(1,500)
Total Receipts	15,000	3,635	(11,365)	15,000	16,310	1,310
DISBURSEMENTS						
Jury script	15,000	4,317	10,683	15,000	13,473	1,527
Total Disbursements	15,000	4,317	10,683	15,000	13,473	1,527
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(682)	(682)	0	2,837	2,837
CASH, JANUARY 1	3,254	3,254	0	417	417	0
CASH, DECEMBER 31	3,254	2,572	(682)	417	3,254	2,837
<u>LAW ENFORCEMENT CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	14,000	14,070	70	13,200	13,878	678
Total Receipts	14,000	14,070	70	13,200	13,878	678
DISBURSEMENTS						
Sheriff	14,000	11,177	2,823	13,200	3,221	9,979
Transfers out	0	15,000	(15,000)	0	0	0
Total Disbursements	14,000	26,177	(12,177)	13,200	3,221	9,979
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(12,107)	(12,107)	0	10,657	10,657
CASH, JANUARY 1	13,555	13,555	0	2,898	2,898	0
CASH, DECEMBER 31	13,555	1,448	(12,107)	2,898	13,555	10,657
<u>SPECIAL RESPONSE TEAM FUND</u>						
RECEIPTS						
Interest	0	6	6			
Other	0	235	235			
Total Receipts	0	241	241			
DISBURSEMENTS						
Supplies	591	478	113			
Equipment	0	0	0			
Transfers out	0	354	(354)			
Total Disbursements	591	832	(241)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(591)	(591)	0			
CASH, JANUARY 1	591	591	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	455,000	457,355	2,355	300,000	263,421	(36,579)
Interest	2,500	17,064	14,564	0	1,904	1,904
Loan proceeds	0	0	0	75,000	72,000	(3,000)
Total Receipts	457,500	474,419	16,919	375,000	337,325	(37,675)
DISBURSEMENTS						
Salaries	47,320	35,827	11,493	14,000	18,365	(4,365)
Contractual services	108,000	30,100	77,900	130,000	57,071	72,929
Office expenditures	28,300	10,933	17,367	1,800	2,093	(293)
Equipment	38,000	15,110	22,890	22,000	3,274	18,726
Mileage and training	7,500	1,931	5,569	1,800	2,618	(818)
Building	68,000	27,268	40,732	112,000	44,884	67,116
Other	1,660	2,110	(450)	0	106	(106)
Debt service	0	0	0	75,000	72,000	3,000
Total Disbursements	298,780	123,279	175,501	356,600	200,411	156,189
RECEIPTS OVER (UNDER) DISBURSEMENTS	158,720	351,140	192,420	18,400	136,914	118,514
CASH, JANUARY 1	136,914	136,914	0	0	0	0
CASH, DECEMBER 31	295,634	488,054	192,420	18,400	136,914	118,514
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	93,000	103,584	10,584	83,000	91,745	8,745
Intergovernmental	184,000	186,380	2,380	169,000	176,739	7,739
Charges for services	28,800	9,547	(19,253)	7,500	10,154	2,654
Interest	10,000	12,192	2,192	8,000	8,420	420
Other	4,200	17,079	12,879	11,500	14,099	2,599
Total Receipts	320,000	328,782	8,782	279,000	301,157	22,157
DISBURSEMENTS						
Salaries	216,887	232,128	(15,241)	211,658	213,122	(1,464)
Office expenditures	33,470	23,153	10,317	26,620	27,040	(420)
Equipment	2,500	3,836	(1,336)	2,500	2,036	464
Mileage and training	3,500	3,268	232	2,500	2,107	393
Program expenditures	42,650	38,782	3,868	27,850	31,934	(4,084)
Total Disbursements	299,007	301,167	(2,160)	271,128	276,239	(5,111)
RECEIPTS OVER (UNDER) DISBURSEMENTS	20,993	27,615	6,622	7,872	24,918	17,046
CASH, JANUARY 1	157,539	161,596	4,057	135,366	136,678	1,312
CASH, DECEMBER 31	178,532	189,211	10,679	143,238	161,596	18,358

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for services	8,900	7,882	(1,018)	9,000	8,833	(167)
Interest	1,200	1,867	667	1,200	1,299	99
Total Receipts	10,100	9,749	(351)	10,200	10,132	(68)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	20,000	386	19,614	20,000	1,426	18,574
Total Disbursements	20,000	386	19,614	20,000	1,426	18,574
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,900)	9,363	19,263	(9,800)	8,706	18,506
CASH, JANUARY 1	39,212	39,212	0	30,506	30,506	0
CASH, DECEMBER 31	29,312	48,575	19,263	20,706	39,212	18,506
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest				4,000	5,639	1,639
Total Receipts				4,000	5,639	1,639
DISBURSEMENTS						
Circuit Clerk				0	749	(749)
Total Disbursements				0	749	(749)
RECEIPTS OVER (UNDER) DISBURSEMENTS				4,000	4,890	890
CASH, JANUARY 1				2,292	2,294	2
CASH, DECEMBER 31				6,292	7,184	892
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest				1,100	1,147	47
Total Receipts				1,100	1,147	47
DISBURSEMENTS						
Associate Circuit Division				0	689	(689)
Total Disbursements				0	689	(689)
RECEIPTS OVER (UNDER) DISBURSEMENTS				1,100	458	(642)
CASH, JANUARY 1				3,060	4,621	1,561
CASH, DECEMBER 31		\$		4,160	5,079	919

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DALLAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Emergency 911 Board, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Response Team Fund	1999
Circuit Clerk Interest Fund	2000
Associate Circuit Division Interest Fund	2000
Local Emergency Planning Committee Fund	2000 and 1999
Law Library Fund	2000 and 1999
Election Services Fund	2000

In addition, for the Emergency 911 Fund and the Health Center Fund, the budgets for the year ended December 31, 2001, did not include the two previous years' actual revenues and expenditures.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	1999
Law Enforcement Sales Tax Fund	2000 and 1999
Law Enforcement Civil Fees Fund	2000
Special Response Team Fund	2000
Health Center Fund	2000 and 1999
Circuit Clerk Interest Fund	1999
Associate Circuit Division Interest Fund	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Division Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999

In addition, for the Emergency 911 Fund, the county's published financial statement for the year ended December 31, 2000, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Emergency 911 Board's deposits at December 31, 2000 were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the Board's name.

The Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the Board's name. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DALLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DALLAS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated December 10, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Dallas County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Budgets and Schedule of Expenditures of Federal Awards
--

- A. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2000	1999
Law Enforcement Sales Tax	\$32,894	\$4,299
Prosecuting Attorney Training	N/A	664
Law Enforcement Civil Fees	12,177	N/A
Special Response Team	241	N/A
Circuit Clerk Interest	N/A	749
Associate Circuit Division Interest	N/A	689

While budget progress reports are generated periodically and provided to the County Commission, it appears the county's procedures and reports are not resulting in effective monitoring of some budgets.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. Budgets were not prepared for several county funds during the years ended December 31, 2000 and 1999.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission is able to more efficiently evaluate all county financial resources.

- C. The county and health center do not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). The county prepared a SEFA for the years ended December 31, 2000 and 1999; however, the schedule did not include seven of the twelve programs the county was involved in during 2000 and 1999. Three of the programs omitted were handled by the Dallas County Health Center. In addition, the information presented for several of the programs administered by the Health Center did not agree with the expenditure records.

For the federal financial schedules to adequately reflect the county's federal financial assistance expenditures, it is necessary that all federal expenditures be properly reported. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds of the county.

WE RECOMMEND:

- A. The County Commission not authorize disbursements in excess of budgeted amounts.
- B. The County Commission ensure budgets are prepared or obtained for all county funds.
- C. The County Clerk and Health Center Administrator prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We believe that bills incurred on behalf of the county by any elected official of the county need to be paid. If in the future expenditures exceeding the budgeted amount are made by a particular county department, the Commission will attempt to make more timely budget revisions upon becoming aware of such over expenditures.*
- B. *We would like to ensure budgets are prepared for all county funds. However, we know no means of enforcing this on a few discretionary funds.*

The County Clerk provided the following response:

- C. *Monies coming through the state have not been clearly marked as federal funds. The 2001 SEFA schedule is more complete than in prior years. We will try to do a better job in the future.*

The Health Center Administrator provided the following response:

- C. *I have already prepared and submitted a complete SEFA schedule to the County Clerk for 2001, and intend to continue to prepare the schedule in future years.*

2. County Officials' Compensation
--

Salaries for elected county officials increased significantly in January 1999. To evaluate these changes required reviewing the county's 1995 and 1997 salary commission meeting minutes and related Prosecuting Attorney opinions. This review determined that salaries actually paid to the county officials were not always supported by salary commission actions.

Senate Bill No. 11, effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials, and including increases to the statutory maximum salaries allowed. As a part of this legislation, Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of Section 50.333.13, RSMo. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

The Dallas County Salary Commission had not addressed the issue of mid-term raises for the associate county commissioners in 1997. However, according to an addendum to the January 1999 County Commission minutes, the Presiding Commissioner approved mid-term raises for the associate county commissioners as well as other county officials. The minutes indicated the Associate County Commissioners abstained from voting. In 1999 Dallas County's Associate County Commissioners salaries were increased approximately \$10,540 (14,160 in 2000).

Prior to authorizing the salary increases the Presiding Commissioner requested and received a written legal opinion from the Prosecuting Attorney. The opinion indicated that the Associate County Commissioner's salaries should not be increased pursuant to Section 50.333.13, RSMo, for several reasons, including the fact that the salary commission did not address the issue in their 1997 meeting. However, the opinion did indicate that increases in county officials salaries due to increases in assessed valuation would be appropriate, as this was approved by the salary commission in 1995.

The Presiding Commissioner indicated that he approved salary increases for county officials based upon increases in assessed valuations. However, by using the salary schedules from

the 1998 statutes (those changed by SB11), mid-term raises were in effect granted to those officials that had been elected in 1996.

Based on the Supreme Court decision, the raises given to the Associate County Commissioners (two elected and one appointed), totaling \$24,700 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, raises given to other officials within their term of office should be re-evaluated for propriety.

WE RECOMMEND the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should only be authorized by the salary commission.

AUDITEE'S RESPONSE

The Presiding Commissioner provided the following response:

I am pleased to see the Auditor's Office recognize that I obtained the written opinion of the Dallas County Prosecuting Attorney before authorizing salary increases in January 1999. I am also happy to see the Auditor's Office acknowledge that the Prosecutor's written opinion did indicate that increases in salaries due to increases in assessed valuation were approved by the salary commission in 1995 and would be appropriate.

The Supreme Court decision referenced in the audit findings in no way pertains to assessed valuation salary increases and, therefore, as I see it, is not relevant to the increases in Dallas County in 1999.

I believe the action taken by me in January 1999 is fully supported by the written opinion of the Prosecuting Attorney. The Prosecutor's opinion with regard to assessed valuation increases did not advise me that I should use different salary schedules for some elected officials than others. I will happily provide a complete copy of said opinion to anyone desiring one.

3. County Controls and Procedures
--

- A. The Prosecuting Attorney maintains an office outside the county courthouse. In addition to her duties as the county Prosecuting Attorney, she operates a private law practice from this office. The county paid approximately \$3,679 and \$9,007 for office related expenses, including office supplies, postage and telephone, for the years ended December 31, 2000 and 1999, respectively. The county does not have a written agreement with the Prosecuting Attorney regarding the share of office expenses the county should pay.

Since county resources should be used for only county business, the county should enter into a written agreement with the Prosecuting Attorney outlining what the arrangements are, what rent and/or equipment will be provided by the county and

what will be provided by the private practice. The basis for the arrangements should be documented and retained.

This situation was noted in our prior report, and the County Commission indicated they would discuss the issue with the Prosecuting Attorney, but no action has been taken.

- B. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, each county official maintains a manual inventory listing of fixed assets within their office, and the County Clerk maintains an inventory listing all other fixed assets owned by the county. However, during our review of equipment purchases, we noted four of the ten items were not recorded on a fixed asset listing. Additions to the inventory listings are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk.

WE RECOMMEND the County Commission:

- A. Establish a written agreement with the Prosecuting Attorney for the county's share of overhead costs (rent, utilities, etc.). In addition, the basis for the reimbursement rate should be documented and monitored.
- B. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will make space available in the courthouse for the Prosecutor rather than pay any rent. We have budgeted money from the buildings and grounds fund to cover reasonable costs of office equipment. We have also budgeted money to cover rent for three months while the transition to the courthouse is being made.*
- B. We will establish a written policy as recommended by the auditors.*

The Prosecuting Attorney provided the following response:

- A. I have requested the county pay half of the rent or find separate office space. Office supplies and postage expenses for county business are kept separate from those for the private practice. The county currently pays for one telephone line which is used exclusively for criminal matters. The Prosecuting Attorney pays for the other two lines.*

4. Prosecuting Attorney Controls

The Prosecuting Attorney's office collected bad check related fees in 2000 and 1999 of approximately \$8,200 and \$12,200, respectively.

Bad check fees are not transmitted to the County Treasurer timely. Transmittals are typically made only once a month, and we noted some instances in which fees were held for more than two months before being transmitted to the County Treasurer. A cash count on September 19, 2001 revealed bad check fees on hand totaling \$1,175 of which approximately \$400 had been received on August 19, 2001 or earlier. These monies were not transmitted to the County Treasurer until October 3, 2001. In addition, cashiers checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100. In addition, cashiers checks and money orders should be restrictively endorsed immediately upon receipt.

Similar conditions were noted in a prior report.

WE AGAIN RECOMMEND the Prosecuting Attorney transmit bad check fees to the County Treasurer daily or when accumulated receipts exceed \$100, and restrictively endorse cashiers checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

The restrictive endorsements are now being applied upon receipt of cashiers check and money orders. We will transmit monies to the Treasurer monthly.

5. Sheriff's Accounting Procedures

The Sheriff's office collected criminal and civil fees in 2000 and 1999 of approximately \$65,000 annually. Our review disclosed the following concerns:

- A. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank account are not adequately segregated. The chief administrative deputy performs all these duties without supervisory reviews by the Sheriff to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of the records by another employee or the Sheriff.

A similar condition was noted in a prior report.

- B. Receipts are not always deposited timely. Civil processing fees are not deposited until the related papers are served. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the accounting records.
- B. Deposit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. We have already implemented a procedure in which the Sheriff reviews and initials the deposits.*
- B. We will immediately begin depositing civil processing fees upon receipt.*

6. Dallas County 911 Board

- A. In November 1998 voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo, earmarked for the purpose of implementing and operating an enhanced 911 system. The sales tax was imposed on April 1, 1999 and has generated more than \$1.1 million as of November 30, 2001. The alternative statutory authority for emergency services sales tax is under Section 190.335, RSMo, which provides that the County Commission may impose a county sales tax for the provision of central dispatching of emergency services. As a result of the county passing the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax revenues.

- B. In May 1999 the County Commission purchased a building for \$43,000 with 911 sales tax revenues with the intention of renovating the building for 911 operations. The ownership of the building was transferred to the elected 911 Board in August 2000, and in November 2000 the 911 office was moved to office space rented from the Buffalo Chamber of Commerce. The 911 Board determined the cost to remodel the building would be excessive, and in May 2001 purchased a new building for \$168,000. No appraisals were obtained by the 911 Board prior to purchasing the new building. The County Assessor has appraised the property at only \$157,100. In addition, the original building has been vacant since November 2000, and it is currently for sale.

Independent appraisals as well as documentation of the selection process and price negotiations are particularly necessary when amounts paid exceed the Assessor's appraised value to ensure the purchase price of the property is reasonable. In addition, to ensure assets are effectively utilized, the 911 Board needs to develop a plan regarding the disposition of the original building purchased in 1999.

- C. We noted instances where the 911 Board obtained or provided services without written agreements.

- 1. In November 2000 the 911 Director moved the 911 office from a building owned by the 911 Board to the Buffalo Chamber of Commerce office. The 911 Board minutes indicate the board approved for the Director to move to

the Chamber of Commerce office while the 911 building was being renovated; however, the board decided not to renovate the building.

The 911 Board did not enter into a written agreement with the Chamber of Commerce detailing the provisions of the office space, and in January 2001 the 911 Board approved paying the Chamber of Commerce \$100 per month retroactive to November 2000. A total of \$800 was paid to the Chamber of Commerce for the period November 2000 to June 2001.

The 911 Director is the president of the Buffalo Chamber of Commerce, the 911 secretary also worked part-time for the Chamber of Commerce, and the 911 Board's financial records were maintained on a computer owned by the Chamber of Commerce.

2. The 911 Board, in cooperation with the Dallas County Betterment Association, sells street address signs to residents of the county. Monies for the signs are collected by 911 and turned over to the Betterment Association.

The 911 Board did not enter into a written agreement with the Betterment Association outlining the conditions of the relationship. Further, the 911 Director is the Treasurer for the Betterment Association, and one of the 911 board members is also a member of the Betterment Association Board.

Section 432.070, RSMo 2000, requires all contracts to be in writing. Written contracts are necessary to outline the terms and arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures. Given the relationships between the 911 board members and employees and the organizations involved in these transactions, it is even more important that written contracts are used to avoid the appearance of a conflict of interest.

- D. The 911 Board discussed matters in closed session meetings that appear to be contrary to state law. Section 610.021, RSMo 2000, allows the Board to close meetings to the extent the meetings relate to certain enumerated subjects, including real estate purchases, litigation, and personnel matters. During our review of the closed session 911 Board minutes, we noted discussions regarding the 911 vehicle and the 911 Board's relationship with the Buffalo Chamber of Commerce. The 911 Board did not document how these discussions complied with statutory guidelines.

Board sessions should only be closed if discussions or business conducted include topics pursuant to state law.

- E. The 911 Board's budget prepared for the year ending December 31, 2001 did not include the two previous years' actual revenues and expenditures. The amounts shown on Exhibit B of the audited financial statements were obtained from the Board's receipts and disbursements records. Section 50.590, RSMo 2000, requires budgets to include the figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.
- F. The 911 Board owns and maintains a vehicle which is driven by the director. A vehicle mileage log is not maintained and as a result, it is not possible to determine the number of personal miles versus the number of business miles driven. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of the vehicles.

In addition, the IRS reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that distinguish between business and personal usage. Procedures have not been established by the 911 Board to ensure personal mileage is reported to the IRS. As a result, the 911 Board may be subject to penalties and/or fines for failure to report all taxable benefits.

- G. The 911 Board does not document approval of invoices for payment, and invoices are not noted as paid or otherwise canceled upon payment. Although the board minutes make a general reference that invoices are approved for payment and invoices are available for the board to review, a listing of all disbursements approved by the board is not prepared to accompany the minutes.

Expenditures made from 911 funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the 911 operations. To adequately document the Board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval, and retained with the official minutes. In addition, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled.

- H. General fixed asset records are not maintained and property tags are not affixed to all assets. Adequate general fixed asset records are necessary to secure better internal control over 911 property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on property. In addition, property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

WE RECOMMEND the Dallas County 911 Board of Directors:

- A. And the Dallas County Commission consider future funding needs of the county and consult legal counsel regarding the appropriate statutory authority to levy a sales tax for 911 purposes.
- B. Ensure independent appraisals are obtained for future real estate purchases and develop a formal plan for the disposition of the original building.
- C. Ensure all future contracts are in writing.
- D. Ensure only topics pursuant to state law are discussed in closed session meetings.
- E. Report actual revenues and expenditures of the two previous years on the budgets, as required by state law.
- F. Require a mileage log be maintained that reflects business and personal miles driven and review this log periodically for reasonableness. In addition, the Board should comply with IRS guidelines for the reporting of fringe benefits relating to personal vehicle use.
- G. Review and approve all expenditures of 911 funds, and ensure all invoices are canceled when goods or services have been paid to prevent reuse or repayment of the invoice. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the Board minutes.
- H. Establish records to account for general fixed assets, and identify all fixed assets with a number, tag, or similar identifying device.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *We are willing to listen to any suggestions the 911 Board may have, and to work with them to the best of our ability in resolving this issue.*

The Dallas County Emergency 911 Board provided the following responses:

- A. *We will support the County Commission in their effort to address the issue.*
- B. *Board members actions concerning all real estate matters are reflected in meeting minutes. There was no formal appraisal made of the property prior to purchase. Future real estate purchases will follow recommended guidelines.*

The first building was sold in January 2002 for \$43,500 and the money deposited in our account.

- C. Neither the Dallas County 911 nor the Dallas County Betterment Association benefited financially from the sale of the signs. We will obtain a formal contract with all applicable parties in the future.*
- D. In the future, the Board will comply with state law regarding topics discussed in closed session.*
- E. Our 2002 budget is complete and includes actual revenue and expenditures of the 2 previous years.*
- F. A log is now being maintained for all 911 vehicles.*
- G. We have always provided a list of invoices to the Board, and in the future we will ensure the list is signed by the Board.*
- H. We intend to comply with this recommendation by June 2002.*

7. Health Center Records and Procedures
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- A. The Health Center maintains a \$200 petty cash fund and a \$100 change fund. These funds along with monies collected are not kept in a secure location and access to the funds is not limited. As a result, the Health Center Administrator reported that these funds have been short by small amounts of cash on more than one occasion. In addition, the petty cash fund is not maintained on an imprest basis and records are not maintained to document all expenditures.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are accounted for, monies should be maintained in a secure location until deposited and individuals with access to the funds should be limited. Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

- B. We noted the following concerns with the Health Center's budgets:
 - 1. Budgets prepared by the Health Center Board of Trustees were not accurate and complete. The 1999 beginning and ending cash balances were understated by more than \$3,300 on the 2000 budget resulting from posting

errors in the accounting system. Also, various mathematical errors were noted in the budget documents, resulting in errors in the amounts of actual revenues and expenditures reported. In addition, the 2001 budget did not include actual revenues or expenditures for the previous two years as required by law.

For the budget documents to be of maximum assistance to the health center and to adequately inform county residents of the health center's operations and current financial position, the budget documents should be complete and accurate. Further, Section 50.590 RSMo, requires budgets to include revenue and expenditure figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

2. Actual expenditures exceeded budgeted amounts for the years ended December 31, 2000 and 1999 by \$2,160 and \$5,111, respectively. There were no formal amendments filed nor any mention in the board minutes as to why the budgeted amounts were exceeded. In addition, there is no evidence that any periodic comparison of budget to actual activity is performed.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

- C. The Board of Trustees does not review and approve the payment of expenditures prior to the disbursement being made. Although the board minutes make a general reference that invoices are approved for payment and invoices are available for the board to review, a listing of all disbursements approved by the board is not prepared to accompany the minutes.

To adequately document the board's review and approval of all disbursements, a complete listing of bills should be prepared and signed or initialed by the board to denote its approval and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the health center.

- D. The Health Center does not periodically update its property records, and number, tag, or otherwise identify property items. In addition, annual inventories of property have not been performed.

Adequate general fixed asset records and procedures are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure fixed

asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

- E. Health center funds were not fully covered by collateral securities at times during the year. The collateral securities pledged by the health center's depository bank to cover deposits were insufficient by approximately \$7,000 at January 31, 2001. The health center does not periodically monitor collateral securities pledged against bank account balances.

Section 110.020, RSMo 2000, provides the value of collateral securities pledged to secure county funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

- F. Health center personnel do not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services is not periodically calculated and monitored.

The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). Based upon CFP expenditures documented by the health center for the federal fiscal years ended September 30, 2000 and 1999, we calculated an average cost of approximately \$126 and \$135 per client excluding administrative costs, respectively.

Failure to comply with provisions of the contract could result in decreased funding of future services.

WE RECOMMEND the Health Center Board of Trustees:

- A. Maintain cash funds and receipts in a secure location, limit access to only authorized individuals, and maintain the petty cash fund on an imprest basis.
- B.1. Ensure the budget is prepared accurately to reflect the financial activity of the health center and includes all information as required by law.
 - 2. Not authorize expenditures in excess of budgeted amounts. Any extenuating circumstances should be fully documented in the health center's minutes, and any budget amendments should be filed with the State Auditor's Office.
- C. Review and approve all expenditures of health center funds prior to disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.

- D. Maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. In addition, an actual physical inventory of the various property items should be performed periodically.
- E. Monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.
- F. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

AUDITEE'S RESPONSE

The Dallas County Health Center Board provided the following responses:

- A. *Cash funds are now kept in a secured location. Postage funds are now deposited directly with the post office eliminating the need for postage cash. Only authorized individuals are allowed to receive postage from the post office account. An imprest tracking system is used with this post office account. The cash fund for change is being reduced to \$20. Deposits, if cash is received, are made as the cash balance approaches \$100.*
- B.1. *Our budget process, software and personnel has been improved over the last 2 years. We are confident that our current tracking and filing system allows for accurate cash accounting and an excellent audit trail.*
- B.2. *Previous budget variances were due to new mid year items and offset by increases in revenues. Many expense items were discussed at board meetings. We apologize for our oversight of officially amending the budget appropriately and will strive to amend the budget at appropriate times. We anticipate this will be a necessity this year as we believe that substantial tobacco settlement funding will be routed to health centers.*
- C. *We will now have the board treasurer sign the expenditure ledger reviewed at each board meeting.*
- D. *The physical property records inventory was updated in August 2000. We will periodically review the inventory and add items in excess of \$250 value as we acquire them.*
- E. *We have an agreement with O'Bannon Bank effective January 29, 2002 to pledge securities for any funds in excess of \$100,000. They pledged a \$25,000 security on that date to cover anticipated fund deposits.*
- F. *Our contract with the State for Family Planning services indicates we are responsible for an independent audit of the program. We plan to comply with this and visit with the MDHSS Family Planning Program administrator to communicate that we serve over 100 clients per year in excess of our contract without reimbursement from any source.*

This report is intended for the information of the management of Dallas County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DALLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. The County Commission authorized payments to a sheriff's employee for the purchase of radio equipment. Bids were not solicited for purchases from a concrete company owned by a commissioner's brother.
- B. The county purchased real estate without first obtaining a formal and independent appraisal.
- C. The county did not have written agreements with the Prosecuting Attorney and Assistant Prosecuting Attorney outlining exactly what office supplies and expenses would be provided by the county and what would be provided by the private practice. In addition, time sheets were not prepared by the Prosecuting Attorney's secretaries.
- D. Mileage claim forms submitted by employees of the Assessor's office, Prosecuting Attorney's office, and the County Commission did not always include the nature of business and location traveled.
- E. Fuel usage and maintenance records were not maintained for the Sheriff's vehicles.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases made from county employees and other related parties and accept the lowest and best bids.
- B. Obtain independent appraisals for all purchases of real estate.
- C. Enter into written agreements with the Prosecuting Attorney outlining the specific arrangements regarding reimbursement for office supplies and expenses. The basis for the arrangements should be documented and retained. In addition, the Prosecuting Attorney's secretaries should prepare time sheets to reflect time worked on county business.
- D. Ensure mileage reimbursement claims include the destinations and nature of business.

- E. Maintain fuel usage and maintenance logs on all patrol cars. Fuel usage should be reconciled to fuel purchases and any differences should be investigated. Maintenance expenditures should be periodically reviewed for reasonableness and to evaluate the performance of each vehicle.

Status:

A,B,
& D. Implemented.

- C. Partially implemented. The Prosecuting Attorney's secretaries prepare time sheets reflecting time worked on county business, however, the county does not have a written agreement with the Prosecuting Attorney. See MAR No. 3.

- E. Partially implemented. Fuel usage and maintenance logs are maintained for patrol cars, however, fuel usage is not reconciled to fuel purchases. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Published Financial Statements

The county's annual published financial statements did not include the financial activity of several county funds.

Recommendation:

The County Commission ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

Partially implemented. Most of the funds noted in the prior report were published in the county's financial statements; however, the Health Center Fund, Circuit Clerk Interest Fund, Associate Circuit Division Interest Fund, and Law Library Fund were not included in the county's financial statements. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Personnel Policies, Records, and Procedures

- A. Certain provisions in the county's personnel policy were not followed by some employees.

- B. Some employees' time sheets did not include indication of supervisory approval.

Recommendation:

The County Commission:

- A. Ensure all provisions of the written personnel policies are complied with, or make changes to the policies as applicable.
- B. Require indication of supervisory approval on all time sheets.

Status:

- A. Partially implemented. Part-time employees are no longer allowed to earn vacation and sick leave. However, the compensatory time policy set forth in the personnel manual is not always enforced. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

4. Federal Financial Assistance

- A. The Sheriff's department purchased radio equipment with federal grant monies which did not allow such purchases.
- B. Juvenile office reimbursement claims were submitted for more than actual expenditures and for unallowable expenses.

Recommendation:

The County Commission:

- A. Consult with the Sheriff and the grantor agency to resolve the questioned costs and ensure future compliance with applicable federal regulations.
- B. Consult with the Juvenile Officer and the grantor agency to resolve the questioned costs. In the future, reimbursement claims should be based on actual expenditures incurred and should be made only for allowable costs.

Status:

- A&B. Both the Sheriff and the Juvenile Officer indicate that they contacted the federal granting agencies and resolved these issues. However, neither the Sheriff nor the Juvenile Officer maintained documentation of the resolution.

5. Road and Bridge Controls

- A. Fuel usage logs were not maintained for all vehicles and fuel tanks.
- B. Maintenance and repair logs were not kept for road and bridge vehicles and equipment.
- C. All road and bridge employees had keys to the road sheds and some employees had keys to the county fuel tanks allowing unlimited access.
- D. Four road and bridge employees were allowed to use county vehicles to commute to and from work. The county had no written policies regarding the use of county vehicles for commuting purposes.
- E. The county commissioners loaned county equipment to a county resident for the benefit of a private business.

Recommendation:

The County Commission:

- A. Maintain fuel usage logs and reconcile fuel usage to the fuel purchases.
- B. Maintain vehicle and equipment maintenance logs and review these records periodically for reasonableness.
- C. Evaluate the current policies regarding employee access to the road and bridge sheds and fuel tanks. Written records of keys assigned to employees should be maintained.
- D. Establish written policies regarding commuting in county vehicles and allow commuting in county vehicles only when it is clearly beneficial to the county. In addition, IRS guidelines for the reporting of fringe benefits relating to county-provided vehicles should be followed.
- E. Discontinue the practice of loaning county property to private businesses.

Status:

- A. Partially implemented. Although fuel usage logs are maintained, there is no documented reconciliation of fuel usage to fuel purchases. Although not repeated in the current MAR, our recommendation remains as stated above.

B,D,
& E. Implemented.

- C. Partially implemented. The distribution of keys is controlled by one person, however, written documentation of keys assigned to each employee is not maintained. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Circuit Clerk and Ex Officio Recorder of Deeds' Procedures

- A. Recorder user fees were deposited into a fund maintained outside the county treasury.
- B. Backup disks of computer information were not stored at an off-site location by the Circuit Clerk and Ex Officio Recorder of Deeds.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Turn over custody of the Record Storage Fund to the County Treasurer as required by state law.
- B. Ensure backup disks of information are stored in a secure, off-site location.

Status:

- A. Implemented.
- B. Not implemented. Backup disks are stored in the Circuit Clerk's vault. Although not repeated in the current MAR, our recommendation remains as stated above.

7. County Assessor's Procedures and Controls

- A. Receipt slips were not issued for some monies received.
- B. Receipt slips did not always indicate the method of payment.
- C. Receipts were not transmitted to the County Treasurer timely.
- D. Receipts were not maintained in a secure location. In addition, checks and money orders were not restrictively endorsed before they were transmitted to the County Treasurer.

Recommendation:

The County Assessor:

- A. Issue receipt slips for all monies received.

- B. Indicate the method of payment on all receipt slips and reconcile total cash, checks, and money orders received to transmittals to the County Treasurer.
- C. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- D. Restrictively endorse checks and money orders immediately upon receipt, and store all receipts in a secure location until transmittal.

Status:

A,C,
& D. Not implemented. The Assessor received only approximately \$1900 during the two years ended December 31, 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Implemented.

8. Prosecuting Attorney's Procedures and Controls

- A. A complete bad check log was not maintained.
- B. Money orders were not restrictively endorsed upon receipt, receipts were not kept in a secure location, and fees were not transmitted to the County Treasurer timely.
- C. The Prosecuting Attorney did not prepare and file monthly reports of bad check fees collected.
- D. Case files were not maintained for bad checks unless charges were filed.

Recommendation:

The Prosecuting Attorney:

- A. Maintain a log of all receipts which documents dates and amounts received and dates transmitted.
- B. Restrictively endorse all money orders payable to the County Treasurer immediately upon receipt or transmit all money orders to the County Treasurer on a daily basis. In addition, all money orders should be kept in a secure location until transmittal.
- C. Prepare monthly reports of all bad check fees received as required by state law.
- D. Maintain case files for each bad check received.

Status:

A,C,
& D. Implemented.

B. Partially implemented. Money orders are kept in a secure location, however, they are not restrictively endorsed immediately upon receipt and transmitted to the County Treasurer on a daily basis. See MAR No. 4.

9. Sheriff's Procedures and Controls

A.1. Receipts were not recorded timely. In addition, receipts were not deposited timely or intact.

2. Receipt slips issued did not always indicate the method of payment received.

3. Receipt slips were not always issued in numerical order.

B. Accounting duties were not adequately segregated.

C.1. Sheriff calendar proceeds were not deposited into a bank account or otherwise accounted for by the Sheriff.

2. Cell block phone commissions were not remitted to the County Treasurer monthly.

D. Records were not maintained to document the issuance and disposition of all uniform traffic tickets.

E. Some bank statements and prisoner board billings were not retained.

Recommendation:

The Sheriff:

A.1. Record and deposit all receipts intact daily or when accumulated receipts exceed \$100.

2. Indicate the method of payment received on all receipt slips and reconcile total cash, checks, and money orders received to bank deposits.

3. Issue receipt slips in numerical order.

B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

C. Turn over calendar monies and cell block phone commissions to the County Treasurer monthly as required by state law.

- D. Maintain a traffic ticket issuance log accounting for the issuance and ultimate disposition of all traffic tickets.
- E. Retain all records in accordance with the Secretary of State record retention guidelines.

Status:

- A.1. Partially implemented. Receipts are recorded timely and deposited intact. However, they are not deposited timely. See MAR No. 5.

A.2-3,
C&E. Implemented.

- B. Not implemented. See MAR No. 5.

- D. Not implemented. The Sheriff's department issues less than 200 tickets per year. Although not repeated in the current MAR, our recommendation remains as stated above.

10. Health Center

- A. Bids were not always solicited or advertised by the health center nor was bid documentation always retained for various purchases.
- B. Checks were occasionally signed in advance.
- C.1. Budgets were amended after budgeted expenditures were exceeded. In addition, public hearings were not held prior to the adoption of the budget amendments.
 - 2. Various mathematical errors were noted in the budgets.
- D.1. All donation receipts were not documented on the donation log. In addition, the donation log was not reconciled to bank deposits.
 - 2. Receipt slips were not issued for some sanitation receipts.
 - 3. Receipts were not deposited on a timely basis.
- E.1. Disbursements from the shared leave fund were not formally documented or approved by the Board of Trustees.
 - 2. Salaries and wages reported on W-2 and W-3 forms did not agree with the amounts listed on the budgets.

- F.1. Property records were not maintained in a manner that allowed beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year.
- 2. Property records were not always complete and did not include acquisition dates, serial numbers, cost, and date and method of disposal.
- 3. Property items were not always tagged or otherwise identified as health center property.
- 4. Property records did not include the cost of land and buildings.
- 5. Additions of fixed assets were not always recorded as they occurred and general fixed asset purchases were not reconciled to additions to the property records.

Recommendation:

The Health Center Board of Trustees:

- A. Solicit bids for purchases in accordance with state law. Documentation of bids solicited and justification of bid awards should be retained by the health center. If bids cannot be obtained or sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Ensure checks are not signed in advance of their preparation.
- C.1. Ensure budget amendments are made prior to incurring the actual expenditures and hold public hearings prior to adopting budget amendments as required by state law.
- 2. Prepare accurate budgets.
- D.1. Ensure all receipts are recorded on the donation log and reconcile donation receipts to bank deposits.
- 2. Ensure receipt slips are issued for all sanitation monies received and reconcile receipt slips issued to bank deposits.
- 3. Deposit receipts daily or when accumulated receipts exceed \$100.
- E.1. Ensure all disbursements from the shared leave fund are properly reviewed and approved by the board.
- 2. Verify the accuracy of W-2 and W-3 forms with the payroll amounts listed on the budget to ensure errors and irregularities are properly identified and amend W-2 and W-3 forms to ensure accurate information is reported to the IRS.

- F.1. Maintain general fixed asset records in a manner that beginning balances, addition, and deletions can be reconciled to year-end balances.
- 2. Maintain general fixed asset records with a detailed description of each item to include acquisition dates, serial numbers, cost, and date and method of disposition.
- 3. Tag or identify all general fixed asset items.
- 4. Record the cost of land, buildings, and additions on the general fixed asset records.
- 5. Record additions of general fixed assets as they occur and reconcile general fixed asset purchases to additions to the property records.

Status:

A,B,
D.3&

E.1-2. Implemented.

C.1-2&

F.1-5. Not implemented. See MAR No. 7.

- D.1. The Health Center no longer keeps a donations log, instead donations are counted approximately twice a week, recorded and deposited.
- D.2. Partially implemented. Receipt slips are issued for all sanitation monies received, however, sanitation receipt slips issued are not reconciled to bank deposits. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DALLAS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Dallas was named after George M. Dallas, a diplomat and later vice-president. Dallas County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Buffalo.

Dallas County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Dallas County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 289,200	15	257,294	14
Sales taxes	495,193	26	457,191	25
Federal and state aid	780,371	40	796,410	44
Fees, interest, and other	375,132	19	313,664	17
Total	\$ 1,939,896	100	1,824,559	100

The following chart shows how Dallas County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 706,730	36	702,234	37
Public safety	233,544	12	267,838	14
Highways and roads	1,023,957	52	939,640	49
Total	\$ 1,964,231	100	1,909,712	100

In addition, Dallas County received \$498,873 and \$460,942 of revenues in the Capital Improvements Sales Tax Fund and expended \$445,219 and \$544,087 for the purpose of highways and roads in 2000 and 1999, respectively.

Dallas County also received \$654,004 and \$696,377 of revenues in the Law Enforcement Sales Tax Fund and expended \$701,894 and \$678,382 for the purpose of public safety in 2000 and 1999, respectively.

The county maintains approximately 50 county bridges and 650 miles of county roads.

The county's population was 10,054 in 1970 and 12,646 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	67.1	66.1	35.3	14.4	9.1
Personal property		25.8	24.2	8.4	6.3	4.1
Railroad and utilities		11.3	11.6	5.4	5.0	2.3
Total	\$	104.2	101.9	49.1	25.7	15.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dallas County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$.01	.01
Special Road and Bridge Fund		.26	.26
Health Center Fund		.10	.10

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),	
		2001	2000
State of Missouri	\$	31,661	30,554
General Revenue Fund		19,303	18,967
Special Road and Bridge Fund		273,901	264,887
Assessment Fund		36,595	37,773
Health Center Fund		104,517	101,016
School districts		3,056,267	3,142,150
Library district		104,517	101,016
Fire protection districts		51,360	51,065
Junior college district		473	476
Cities		15,717	16,419
County Clerk		1,344	1,527
County Employees' Retirement		37,373	35,451
Commissions and fees:			
General Revenue Fund		65,904	65,239
Total	\$	<u>3,798,932</u>	<u>3,866,540</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),	
		2001	2000
Real estate	90 %	90 %	
Personal property	89	88	
Railroad and utilities	100	100	

Dallas County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50
Capital improvements		.0050	2004	None
Law enforcement		.0050	None	None
Emergency 911		.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Brian Ainley, Presiding Commissioner	\$	27,080	25,760
Floyd White, Associate Commissioner		25,080	23,760
Terry Kirk, Associate Commissioner		25,080	15,840
John Maddux, Associate Commissioner			5,940
Pam Louderbaugh, County Clerk		38,000	36,000
Barbara Viets, Prosecuting Attorney		45,000	43,000
Billie Rex Blair, Sheriff		39,177	
Henry Thieson, Sheriff		3,500	
Bret Viets, Sheriff		226	2,097
Mel Parks, Sheriff			37,204
Becky Schofield, County Treasurer		28,120	26,640
Bret Viets, County Coroner		11,000	10,000
Darlene Swanson, Public Administrator *		23,026	18,877
Dorotha Hill, County Collector, year ended February 28 (29),	38,000	36,000	
Jo McIntire, County Assessor **, year ended August 31,		36,900	34,900
Robert S. Shotts, County Surveyor ***		7,000	5,500

* Includes fees received from probate cases.

** Includes \$900 annual compensation received from the state.

*** Compensation on a fee basis. In addition, \$7,000 and \$5,500 was paid by the county for remonumentation services for the years ended December 31, 2000 and 1999, respectively.

State-Paid Officials:

Janice Hicks, Circuit Clerk and Ex Officio Recorder of Deeds		46,127	44,292
Cody A. Hanna, Associate Circuit Judge		97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	2	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2	0
Prosecuting Attorney	3	0
Sheriff	18	0
County Treasurer	1	0
County Coroner	1	0
Public Administrator	0	0
County Collector	3 *	0
County Assessor	5 **	0
County Surveyor	0	0
Associate/Probate Division	2	4
Road and Bridge	18	0
Health Center	9 ***	0
Total	<u>65</u>	<u>6</u>

* Includes two part-time employees.

** Includes one part-time employee.

*** Includes three part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Dallas County's share of the Thirtieth Judicial Circuit's expenses is 15.69 percent.

In 1990, the county entered into a \$629,465 cancelable lease for the purchase of the county law enforcement center. Principal and interest payments are made from the Law Enforcement Sales Tax Fund. At December 31, 2000, the principal balance of the lease was \$162,533. If the county makes the minimum lease payments, the lease will be paid in full by 2002.